



Indiana Deferred Compensation Committee

Telephone (317) 232-3304

Fax (317) 233-2794

**MINUTES
PUBLIC MEETING
FRIDAY, APRIL 29, 2005
10:00 AM
INDIANA GOVERNMENT CENTER SOUTH
CONFERENCE ROOM 5**

I. Call to Order

The meeting was called to order by Jeff Heinzmann.

II Roll Call

Ryan Kitchell, Jeff Heinzmann, and Tim Berry were present. Judy Rhodes and John Lentz were absent.

III. Large Cap Growth Fund Search

Don Eibsen of Mellon Consultants gave the Committee an overview of its recommendations resulting from the responses to the Large Cap Growth Fund RFP. Tim Berry asked if Mellon received any compensation from fund managers. Don Eibsen assured him that they received no compensation from any funds.

Tim Berry asked whether any Indiana companies had been sought out by Mellon or responded to the RFP. Don stated that public notices were placed but no RFPs were sent to Indiana firms directly.

There was further discussion of differences between the large cap managers. Tim Berry proposed conducting interviews with the recommended funds. Jeff Heinzmann and Ryan Kitchell agreed. Don Eibsen stated that he felt the Committee had three well-qualified proposals.

Tim Berry pointed out that the information in Mellon's report to the Committee today gave no further insight beyond the written recommendations they received from Mellon weeks ago. He further asked whether the recommendations were consistent with the Plan's Investment Policy Statement when viewed in conjunction with the rest of the investment options offered by the Plan. Don Eibsen defended the recommendations as highly rated.

Tim Berry also asked if Mellon had conducted an investigation on American Funds, given the investigations cited in the written report. Don Eibsen reported that there was

not enough information to compile an opinion beyond what Mellon had written concerning the company's situation.

IV. Small Cap Growth Fund Search

Don Eibsen of Mellon Consultants gave the Committee an overview of its recommendations resulting from the responses to the Small Cap Growth Fund RFP. Ryan Kitchell inquired as to the sub managers of the funds recommended. Don Eibsen pointed out that all sub managers are listed in the biographies provided in Mellon's report.

Tim Berry questioned how much the proposed Vanguard fund resembles other Vanguard options currently in the Plan. Upon further discussion among Committee members it was decided that added research was necessary due to lack of satisfaction with Mellon's report and the lack of evaluation of the responses in relation to the other investment options in the Plan and the IPS.

Tim Berry moved to conduct an RFP for an Investment Consultant. Ryan Kitchell seconded the motion. The Committee voted and motion passed unanimously.

Tim Berry asked how long it would take to prepare and send out an RFP. Jeff Heinzmann distributed a draft RFP to the Committee members present and stated it could be sent as soon as possible once the Committee reached a consensus on the RFP's contents. He stated he had prepared the draft because of the issue Mellon raised with its assignment of the contract to Buck Kwasha. He further noted that it was patterned after the 2003 investment consultant search that had been prepared by him and Betsy Burdick, Treasurer Berry's prior appointment to the Committee. The Committee agreed to review and send out the RFP no later than May 4, 2005, allowing for a response date sometime before the end of May 2005.

The Committee discussed whether it needed to select new small or large cap growth options immediately, or whether it could wait until after the consultant search. No one was comfortable making a selection based on Mellon's recommendations. It was noted that the Wells Fargo fund was still generating positive returns, even if lagging its peer group somewhat. The consistently poor performance of the Brown fund was a concern to all. The decision was made to wait for the time being. Jeff Heinzmann will contact committee members with possible future meeting dates.

V. Adjournment

Jeff Heinzmann adjourned the meeting.

Buck Kwasha Investment Consultants

April 8, 2005

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**CONNIE KAY NASS
AUDITOR OF STATE**

Mr. Jeff Heinzmann
Secretary, Deferred Compensation
Indiana Deferred Compensation Committee
c/o Office of the Auditor of State 240 Statehouse, 200 W. Washington
Indianapolis, IN 46204-2793

Re: Sale by Mellon Financial Corporation of its HR Business to Affiliated Computer Services, Inc.

Dear Mr. Heinzmann:

On March 15, 2005, Mellon Financial Corporation ("MFC") entered into a purchase agreement with Affiliated Computer Services, Inc. ("ACS") pursuant to which MFC has agreed to sell its human resources consulting and outsourcing business (the "Mellon HR Business"). The Mellon HR Business is conducted by Mellon Human Resources & Investor Solutions Inc. ("MHR&IS") and its direct and indirect subsidiaries, including Mellon HR Solutions LLC and Mellon Consultants, LLC. Mellon Consultants, LLC, doing business as Buck Kwasha Investment Consultants, provides investment advisory services to clients as part of the Mellon HR Business.

ACS is a Fortune 500 company that is a world wide leading provider of information technology, business process and human resource outsourcing services. Under the purchase agreement, MFC will sell the stock of MHR&IS to ACS (the "Transaction"). The Transaction is expected to close before June 30, 2005, but due to normal conditions of closing and necessary governmental approvals, the actual date of closing could be later.

As part of the Mellon HR Business, Buck Kwasha Investment Consultants provides investment advisory services to Indiana Deferred Compensation Committee (the "Company") from time to time. For purposes of the Investment Advisers Act of 1940, because of the change of control of the Mellon HR Business from MFC to ACS, the Transaction is considered an "assignment" of the existing written or verbal agreement between the Company and Buck Kwasha Investment Consultants that provides for investment advisory services. Accordingly, the Buck Kwasha Investment Consultants will not be permitted to provide investment advisory services to the Company after the consummation of the Transaction unless it obtains the Company's consent to this assignment. If the Company does not consent, the investment advisory services under your agreement with Buck Kwasha Investment Consultants will terminate, but the non-investment advisory services under your agreement will remain in effect.

If the Company has not advised us within 45 days of the date of this letter (i.e., by May 23, 2005) that the Company wishes that Buck Kwasha Investment Consultants not provide investment advisory services to the Company following the closing of the

Transaction, then we will assume that the Company has consented to the assignment.

During this 45-day period and until the Transaction is consummated, we will continue to provide advisory services under the terms of the existing investment advisory agreement, subject always to any right that the Company has to terminate the investment advisory agreement as provided therein.

If the Company consents to this assignment by not advising us by the date set forth above that the Company wishes to terminate the investment advisory services provided by Buck Kwasha Investment Consultants under the existing investment advisory agreement, from and after the consummation of the Transaction, Buck Kwasha Investment Consultants will continue to provide the investment advisory services to the Company under such agreement, subject to the same terms under which it currently provides such services from time to time.

If you have any questions, please do not hesitate to call me at (212) 330-1011.

Sincerely,



Nicolas E. Medina
Chief Compliance Officer
Mellon Consultants, LLC d/b/a Buck Kwasha Investment Consultants

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CONNIE KAY NASS
AUDITOR OF STATE



Auditor of State

Connie Kay Nass

TELEPHONE (317) 232-3300
FACSIMILE (317) 232-6097
<http://www.in.gov/auditor>

May 4, 2005

Nicolas E. Medina
Chief Compliance Officer
Mellon Consultants, LLC d/b/a Buck Kwasha Investment Consultants
One Pennsylvania Plaza
30th Floor
New York NY 10119-0047

RE: Termination of Investment Consulting Services Contract

Dear Mr. Medina:

The Indiana Deferred Compensation Committee ("Committee") has received and reviewed your letter dated April 8, 2005 regarding the sale by Mellon Financial Corporation of its HR business to Affiliated Computer Services, Inc. That letter suggested the Committee advise you by May 23, 2005, whether it would consent to this assignment of Mellon Consultants' (Mellon) Investment Consulting Services Contract (Contract) with the Committee.

Pursuant to paragraph 6 of the Contract, the Committee must give **prior written consent** to any such assignment. At a public meeting of the Committee on April 29, 2005, rather than consenting to the assignment, the Committee voted to put the Contract out to bid. Don Eibsen of Mellon attended the meeting.

Accordingly, please accept this letter as notice that the Committee does not consent to the assignment, except insofar as consent is necessary for Mellon d/b/a Buck Kwasha Investment Consultants (Mellon d/b/a Buck) to provide a first quarter (January 1 through March 31, 2005) performance report to the Committee at the meeting scheduled for June 10, 2005. Should Mellon d/b/a Buck fulfill its contractual duties under the Contract for the first quarter of 2005, including the provision of a quarterly performance report to the Committee and attendance at the June 10 public meeting of the Committee, it will receive its normal compensation for the first quarter of 2005 (\$19,750.00).

Consistent with the preceding paragraph, you may consider this letter either:

- (1) a notice that the Committee does not consent to the assignment, or

(2) an acceptance of the assignment only insofar as necessary for Mellon d/b/a Buck to fulfill its first quarter contractual duties coupled with a Termination Notice under paragraph 37 of the Contract, Termination for Convenience.

In either case, the Contract shall be terminated effective as of the completion of Mellon d/b/a Buck's contractual duties with respect to the first quarter of 2005, and in no event shall the Committee compensate Mellon d/b/a Buck under that Contract for any services above and beyond the duties outlined in the Contract for the period ending March 31, 2005.

Pursuant to the Notice to Parties provision of the Contract, this notice is also being sent to:

Sally Hill
Associate Principal and Investment Consultant
Mellon Consultants, Inc.
1200 17th Street, Suite 1200
Denver, CO 80202

Sincerely,

Jeff Heinzmann
Secretary
Indiana Deferred Compensation Committee

Cc: Don Eibsen